

IN THE MATTER OF:      CHRISTOPH A. "CHRIS" TRINA, an  
                                     individual; and ENVIRO-SERV, INC.,  
                                     its officers, directors, employees, affiliates,  
                                     successors, agents, and assigns.

) ) FILE NO. 1500074  
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**TO THE RESPONDENTS:** Christoph Trina and Enviro-Serv, Inc.  
c/o Angela Y. Lu, Esq.  
White and Williams LLP  
1650 Market St.  
One Liberty Place, Ste 1800  
Philadelphia, PA 19103-7395

## Summary

1. Enviro-Serv, Inc. and Christoph A. "Chris" Trina, Enviro-Serv's chief executive officer, chief financial officer, and director, filed a Regulation A Offering application which failed to meet Illinois requirements for registration by qualification and was misleading, deceptive, and fraudulent about information important to investors in violation of Illinois securities laws.
2. To prevent an imminent violation of the Act or to prevent losses to investors, an order is entered which suspends the Regulation A Offering application submitted by Enviro-Serv, Inc. and Christoph Trina and prohibits Enviro-Serv, Inc. and Christoph Trina from offering or selling securities in or from the State of Illinois.

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### Background

3. Administration of the Illinois Securities Law of 1953 [815 ILCS 5/1 *et seq.*] (the "Act"), including registration by qualification of a Regulation A Offering in the State of Illinois, is vested in the Secretary of State pursuant to Sections 5 and 11 of the Act.
4. Section 5.B(3) of the Act provides, *inter alia*, that a complete application for registration of a Regulation A Offering includes a prospectus which contains information about, among other things, the issuer of the securities, the business conducted and intended to be conducted by the issuer, the location and general character of the physical properties of the issuer, the intended use of the proceeds of the securities, the names and addresses of all of the issuer's officers and directors, and the remuneration paid to each officer and director during the fiscal year last past and proposed to be paid for the then current fiscal year.
5. Section 5.B(5) of the Act provides, *inter alia*, that the application should adequately present the financial condition of the issuer and provide fair disclosure respecting the business and property of the issuer. To facilitate that presentation and provision, the Secretary of State may require the filing of other financial statements or information in addition to the financial statements or information required by subsection B.
6. Section 5.B(2)(g) of the Act provides, *inter alia*, that the issuer has a continuing duty to file promptly (within two business days after the occurrence of any event which requires a material change in the prospectus) with the Secretary of State all amendments of and supplements to the prospectus.
7. On January 27, 2015, Respondent, Enviro-Serv, Inc., an issuer of securities, filed a Regulation A Offering application (the "Application") in the State of Illinois. The securities offered were shares of common stock with a par value of \$0.0001 and a price of \$0.00015.
8. Enviro-Serv is a Delaware corporation operating in the State of Florida. At least as of April 30, 2015, its business registration as a foreign corporation in Florida was inactive, after being revoked on September 26, 2014 for failure to file its annual report.
9. Respondent, Christoph A. "Chris" Trina (CRD No. 1403607) serves as chief executive officer, chief financial officer, and a director of Enviro-Serv. Trina has voting control of Enviro-Serv. Trina was previously registered as a securities salesperson in the State of Illinois.
10. Enviro-Serv was formerly known as Transfer Technology International Corp., Inc. ("Transfer Technology"), a Delaware corporation operating in the State of Florida. Chris Trina was the chief executive officer, according to Florida records. Transfer Technology's

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business registration was revoked in Florida on September 28, 2012 for failure to file an annual report.

11. Prior to Transfer Technology, the company was known by these names: Inverted Paradigms Corp., Horizon Holding Corp., LiquidGolf Holding Corp., Nomadic Collaboration International, Inc., and DP Charters Inc.
12. In the Application, Enviro-Serv was described as trying to build a portfolio of businesses that offer year-round property maintenance services, primarily through making acquisitions of other businesses.
13. The portfolio currently consists entirely of a wholly-owned subsidiary called X-Terminate Pest Management Inc. ("X-Terminate"), a Florida corporation that was incorporated on April 5, 2013.
14. X-Terminate was formerly known as X-Terminate, Inc. X-Terminate, Inc. was incorporated in Florida on September 2, 2009. According to Respondents, X-Terminate, Inc. ceased operating in 2012. X-Terminate, Inc. was administratively dissolved on September 28, 2012 for failure to file an annual report.
15. According to Florida records, Chris Trina was the President of both X-Terminate companies.
16. The Department's review of the Application found that Enviro-Serv (and its preceding entities, dating back over 15 years) had continually relied on investors to fund operations. *The Application estimated that, if Enviro-Serv received the full \$511,200 intended to be raised by the Regulation A Offering, Enviro-Serv would be able to use the funds to operate for an additional six months.*
17. Further review found that not only was Enviro-Serv operating in Florida with a revoked business registration, but the Application contained numerous false representations and omissions about matters important to investors.

### **False Representations and Omissions in Financial Statements**

18. Within the Application, Respondents provided unaudited, condensed, and consolidated financial statements to the Department. Respondents represented that the financial statements conformed to generally accepted accounting principles (GAAP) and presented the information set forth therein fairly in all material respects, when taken as a whole.

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***False Representations and Omissions Related to Quasi-Reorganization***

19. The Transfer Technology consolidated balance sheet for December 31, 2012 showed an accumulated deficit of \$48,566,748. According to a 10-Q filed with the Securities and Exchange Commission (SEC) in 2011, the deficit had been accumulating since the late 1990s.
20. The Transfer Technology consolidated balance sheet for December 31, 2012 also showed that the common stock value was \$249,963 and the additional paid-in capital was \$46,408,962.
21. The Enviro-Serv consolidated balance sheet for December 31, 2013 showed that the accumulated deficit (which had been \$48,566,748) was only \$1,209,420. It also showed common and preferred stock values, but did not show any additional paid-in capital (which had been \$46,408,962).
22. The Transfer Technology consolidated income statement for the first three months of 2013 had a net loss of \$200. The Enviro-Serv consolidated income statement for the last nine months of 2013 had a net loss of \$136,591.
23. In a financial note for the 2013 financial statements, Respondents explained the changes to additional paid-in capital and accumulated deficit with this statement:

To better reflect the current financial condition of new entity Enviro-Serv Inc. the company has elected to eliminate the shares issued and the cost of these past issued shares to previous corporate charters over the past 16 years in the amount of \$47,297,946. The cost of these shares and the additional paid in capital was applied against the retained (deficit) accumulated in prior years.
24. The statement describes a procedure known as a quasi-reorganization, which is justified under the concept of an accounting "fresh start."
25. A quasi-reorganization can be accomplished using two methods. The simpler method is a deficit reclassification involving the reclassification of the accumulated deficit as a reduction of paid-in capital. The other method is an accounting reorganization involving restating the assets to their fair values and the liabilities to their present values with the net amount of these adjustments added to or deducted from the deficit. The company should then have a fresh start with a zero balance in retained earnings (no accumulated deficit).
26. The SEC does not recognize deficit reclassification types of quasi-reorganizations as valid for publicly held companies.

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27. A quasi-reorganization is allowed only when the conditions that resulted in the entity's deficit have been resolved and recurrence of a deficit is unlikely.
28. Financial statements should clearly disclose that the basis of presentation reflects quasi-reorganization accounting. They also should disclose the facts and circumstances of the quasi-reorganization, the adjustments recorded, and the judgments and estimates made.
29. Respondents' quasi-reorganization attempt failed to meet GAAP criteria. Respondents utilized a deficit reclassification type of quasi-reorganization, knew that operating losses would continue, did not properly reflect the quasi-reorganization in financial statements, and reduced the accumulated deficit but did not provide Enviro-Serv with a fresh start (no accumulated deficit).

*False Representations of Goodwill*

30. The Enviro-Serv consolidated balance sheets for December 31, 2013 and September 30, 2014 showed goodwill of \$300,000 for Enviro-Serv.
31. The Transfer Technology consolidated balance sheet for December 31, 2012 showed other assets of \$2,191. The figure remained the same on Enviro-Serv consolidated balance sheets for December 31, 2013 and September 30, 2014. Respondents told the Department that the other assets consisted of the X-Terminate goodwill.
32. Additional financial statements provided at the Department's request showed that the X-Terminate goodwill was not included on the X-Terminate balance sheets.
33. The Application stated, "No asset impairment charges were recorded for this period. Management's evaluation of the assets related to the goodwill of the Company are properly stated based upon comparison of the value of these assets in comparison to similar publicly traded companies."
34. Goodwill arises in an acquisition when one company is purchased by another company. GAAP requires a public company to complete a goodwill impairment test on an annual basis to determine if the goodwill has been impaired. GAAP and the SEC prohibit an entity from using a quasi-reorganization to write-up the book value of the entity's net assets.
35. Enviro-Serv's evaluation of goodwill fails to meet GAAP criteria.
  - a. A quasi-reorganization could not have created goodwill for Enviro-Serv of \$300,000, and there was no acquisition to account for the creation of goodwill.

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- b. Transfer Technology's consolidated balance sheet for December 31, 2012 showed X-Terminate goodwill without an acquisition.

***Omission of Earnest Money Lost***

- 36. The Enviro-Serv consolidated balance sheet for the first nine months of 2014 showed an asset of \$42,500 representing the deposit paid as earnest money for the acquisition of another pest control company. The Enviro-Serv consolidated cash flow statement for the first nine months of 2014 showed the same amount as an increase in deposits.
- 37. Respondents reported to the SEC, in a letter dated November 12, 2014, that the acquisition would not be completed.
- 38. Respondents told the Department that half of the earnest money (\$21,250) was lost as a result of the cancellation of the acquisition.
- 39. The Application failed to disclose the loss in a note to the 2014 financial statements, or elsewhere.

***Omissions Related to Capital Expenditures***

- 40. The Enviro-Serv consolidated cash flow statement for the last nine months of 2013 reported that \$334,286 was spent on capital expenditures.
- 41. Enviro-Serv's accounting of capital expenditures failed to meet GAAP criteria. Enviro-Serv failed to reflect any acquired or improved physical assets on the balance sheets and income statements for 2013 and 2014.

***False Representation of Stock Sale***

- 42. The Enviro-Serv consolidated cash flow statement for the last nine months of 2013 showed that Enviro-Serv received \$556,500 from the sale of stock. That amount matches the amount provided on the Enviro-Serv consolidated balance sheet for December 31, 2013 for the entirety of the common stock, preferred class A stock, and preferred class B stock in Enviro-Serv.
- 43. The accounting for the sale of stock failed to meet GAAP criteria. A name change and attempted quasi-reorganization cannot be reported as cash on a cash flow statement.

***Omission of Monthly Fees***

- 44. In a press release, issued on or about June 4, 2013, Respondents stated that X-Terminate was going to begin paying a 10% monthly fee to Enviro-Serv.

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45. Respondents told the Department that X-Terminate had only paid the fee in July, September, and October of 2013 and the fee had been accruing since then.
46. Enviro-Serv failed to disclose the fee arrangement, how much was paid, or how much was accrued in the Application's financial statements for 2013 or 2014, or elsewhere.

**False Representations of Services**

47. The Application made the following representations about Enviro-Serv's services:
  - c. "The Company provides repair or change outs of air conditioning units and refrigeration units to residential customers, commercial contracts such as convenient [sic] stores, gas stations, grocery stores and office buildings."
  - d. "We provide the inspection, installation or repair in the commercial market place common [sic] in large office buildings, apartment and condo complexes and wherever state or federal law mandates the existence of sprinklers and fire extinguishers."
  - e. "The Company offers pool and filtration cleaning on a weekly basis and repair and installation of broken pumps or parts."
48. However, when asked by the Department about the Enviro-Serv services, the Respondents stated that the only services offered were the extermination services provided by X-Terminate.

**Omissions Related to the Business Location**

49. In the Application, Enviro-Serv's business address was at 8875 Hidden River Parkway #300 in Tampa, Florida. Not disclosed in the Application was the fact that the address is for a Regus Business Center, which provides virtual office space and allows businesses to rent physical office and meeting space.
50. On March 31, 2015, Respondents reported to the SEC a change of business address to 3404 W. Bay Vista Ave., 1<sup>st</sup> Floor, in Tampa, Florida. The change was not reported to the Department. Property tax records indicate that the address is a single family residence townhouse. Further records indicate that the address is the current home of Chris A. Trina.

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**False Representations and Omissions in the Use of Proceeds**

51. The Application stated that \$27,000 is budgeted for three, fully rigged, Ford trucks; \$9,000 is budgeted for three delivery pick-ups; and \$18,000 is budgeted for two fully rigged Isuzu trucks. The vehicles would be used by X-Terminate.
52. Respondents told the Department that the reason the amounts were so low for the vehicles is because the amounts were only for deposits on the vehicles. That was not disclosed in the Application.
53. The Application also did not state how the rest of the payments for the vehicles would be funded or any risks associated with that funding.
54. The Application stated that, if 100% of the securities offered were sold, \$45,000 is budgeted for purchasing appropriate trucks and equipment for Enviro-Serv.
55. Respondents told the Department that Enviro-Serv didn't need trucks and equipment. That was not disclosed in the Application.
56. The Application stated that additional office space was necessitated by X-Terminate's growth and \$15,000 is budgeted for relocation expenses.
57. The Application did not disclose whether Enviro-Serv was paying for virtual office services, meeting space, or office space at its Regus Business Center location.
58. The Application also did not disclose any details about the "additional" office space, including whether Enviro-Serv's expenses would be increased and whether funding would be needed to make payments on the office space.

**Omissions Related to Acquisitions**

59. The Application referred to Enviro-Serv's "aggressive acquisition strategy" and warned that Enviro-Serv may not be able to successfully make acquisitions in the future. A press release, issued on or about May 7, 2013, more specifically stated, "Management has a goal to sign 1-2 letters of intent per month and finalize acquisitions of 7 companies in 2013."
60. The Application did not disclose Enviro-Serv's history of attempting and failing to complete acquisitions, including the failure to complete the acquisition that resulted in a loss of earnest money. When asked by the Department for more information, the Respondents' had no successful acquisitions to report.



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61. Additionally, the application did not disclose a third acquisition target which was the subject of a press release, issued on or about January 15, 2015. Enviro-Serv announced that it planned to become a pest control franchise affiliate of Pestmaster Services®. According to the press release, becoming an affiliate could result in major changes to X-Terminate's operations.
62. Information about the third acquisition was also not provided to the Department when the Department asked about Enviro-Serv's former and planned acquisition targets.
63. The Application warned that Enviro-Serv may need to fund acquisitions through future stock or debt offerings.
64. Respondents told the Department that a new offering would be necessary to complete future acquisitions. However, the Application did not confirm that Enviro-Serv planned to fund acquisitions through future stock or debt offerings.
65. The Application stated that Trina founded X-Terminate, Inc.; Transfer Technology formed X-Terminate, Inc. in November 2009 (months after its incorporation date); and X-Terminate Pest Management Inc. was acquired as of June 1, 2013 (months after its incorporation date).
66. The Application did not correct or clarify the statements to make them not misleading regarding the start of X-Terminate, Inc. and the change of name to X-Terminate Pest Management Inc.

### Omissions Related to Joint Ventures

67. The Application stated that Enviro-Serv intends to use joint ventures, in addition to acquisitions, to grow.
68. The Application did not disclose Enviro-Serv's joint venture history. The Department is aware of at least two joint ventures.
  - a. One joint venture ended in 2014, according to Respondents, due to an inability to gain market traction.
  - b. The other joint venture is currently in effect, but the Respondents did not reply to the Department's request for information about how much money had been made from the joint venture or how many pest control and termite treatment jobs had resulted from the joint venture. (A press release, issued on or about April 4, 2014, had boasted that the joint venture could result in an increase in fumigation business revenues of up to 1,000 %.)

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**Omissions Related to Defaults and Legal Proceedings**

69. The Application contained fewer disclosures about defaults by Enviro-Serv/Transfer Technology and judgments obtained against Transfer Technology than in previous SEC filings. Amounts owed to five individuals, as stated in the 2011 10-Q filed with the SEC, were not discussed in the Application.
70. In the 2011 10-Q, Transfer Technology admitted that there was "substantial doubt about the Company's ability to continue as a going concern." There was no such disclosure in the Application.
71. The Application contained the statement, "Various notes are in default and continue to accrue interest." However, the number of notes, the dollar value, default dates, plans to cure the defaults, and risks associated with the defaults were not disclosed.
72. According to a press release, issued on or about May 7, 2013, Enviro-Serv extinguished about \$500,000 of debt in the first quarter of 2013. Respondents told the Department, when asked about the event, that \$55,000 came from a third party for payment to one large defaulted noteholder and the rest of the debt was converted to stock.
73. The Application did not describe the event or disclose information about the third party payment or about why one noteholder received cash and the others did not.
74. The Application disclosed that three bridge loans were made to Enviro-Serv. However, the Application did not disclose that Enviro-Serv subsequently defaulted on the loans.
75. According to a press release, issued on or about December 23, 2014, around or about the beginning of December 2014, Trina gave the lender 120,000,000 free trading shares in Enviro-Serv from his personal holdings, which were then sold by the lender. Respondents told the Department that another 120,000,000 free trading shares could also be sold by the lender, as a result of the default. None of the currently known or possible future effects of the default were disclosed in the Application.
76. The Application did not disclose a breach of contract lawsuit filed on July 28, 2008. Respondents told the Department that the lawsuit resulted from an investment in Transfer Technology which was guaranteed by Trina and Transfer Technology's Vice President of Finance. (It should be noted that Transfer Technology was incorporated in Delaware on October 20, 2008 after the lawsuit was filed.) The lawsuit was filed against Trina and the Vice President, personally. The case was closed, on or about January 27, 2014, after the Vice President's death. Respondents told the Department that Trina settled his portion of the lawsuit prior to that date.

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77. The Application failed to disclose that Trina filed for personal bankruptcy twice since July 2010 and has been a defendant in two mortgage foreclosure actions since February 2010.

**Omissions Related to Trina's Employment Terms**

78. The Application stated that Trina signed a two year employment agreement on April 1, 2013 for a salary of \$9,000 a month.
79. Respondents told the Department that Trina would not be signing another employment agreement after the two years ended this year. The fact was not disclosed in the Application. Nor did the Application disclose what Trina's salary would be once the employment agreement was no longer in effect.

**Violations**

80. Information about financial statements, services, location, use of proceeds, acquisitions, joint ventures, defaults and legal proceedings, and terms of employment is important to investors and influences Enviro-Serv's stock price.
81. The Application filed by the Respondents does not meet the requirements of Section 5 of the Act. As set forth more fully above, Respondents failed to provide the Department with a fully compliant prospectus, prompt amendments, adequate presentation of the issuer's financial condition, fair disclosures respecting the business and property of the issuer, or full responses to the Department's requests for additional information.
82. The Application misleads, deceives, and defrauds investors with false representations and omissions about Enviro-Serv's financial condition, actual performance, and plans.
83. Using artifice, the Respondents presented Enviro-Serv in a more favorable light than was reasonable and concealed the true magnitude of Enviro-Serv's losses, lack of industry success, growing debt, and other obligations.
84. Section 12.A of the Act provides, *inter alia*, that it shall be a violation of the Act to offer or sell any security except in accordance with the Act.
85. Section 12.D of the Act provides, *inter alia*, that it shall be a violation of the Act to fail to file with the Secretary of State any application, report, or document required to be filed under the Act.
86. Section 12.E of the Act provides, *inter alia*, that it shall be a violation of the Act to make, or cause to be made, in any application, report, or document filed under this Act or any

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rule or regulation made by the Secretary of State pursuant to the Act, any statement which was false or misleading with respect to any material fact.

87. Section 12.F of the Act provides, *inter alia*, that it shall be a violation of the Act to engage in any transaction, practice, or course of business in connection with the sale or purchase of securities which works or tends to work a fraud or deceit upon the purchaser or seller thereof.
88. Section 12.H of the Act provides, *inter alia*, that it shall be a violation of the Act to sign or circulate any statement, prospectus, or other paper or document required by any provision of the Act or pertaining to any security knowing or having reasonable grounds to know any material representation therein contained to be false or untrue.
89. Section 12.I of the Act provides, *inter alia*, that it shall be a violation of the Act to employ any device, scheme, or artifice to defraud in connection with the sale or purchase of any security, directly or indirectly.
90. By virtue of the foregoing, the Respondents, Christoph A. "Chris" Trina and Enviro-Serv, Inc., have violated Sections 12.A, 12.D, 12.E, 12.F 12.H, and 12.I of the Act.
91. Section 11.F(2) of the Act provides, *inter alia*, that the Secretary of State may temporarily prohibit or suspend, by an order effective immediately, the offer or sale or registration of securities or the offer or sale of securities by any person, if the Secretary of State in his or her opinion, based upon credible evidence, deems it necessary to prevent an imminent violation of the Act or to prevent losses to investors which the Secretary of State reasonably believes will occur as a result of a prior violation of the Act.
92. Based upon the credible evidence available to the Secretary of State, the entry of this Temporary Order suspending the Regulation A Offering application for registration submitted by Enviro-Serv, Inc. and Christoph A. "Chris" Trina and prohibiting the Respondents, Christoph A. "Chris" Trina and Enviro-Serv, Inc., from offering or selling securities in or from the State of Illinois is in the public interest, for the protection of the investing public, and is consistent with the purposes of the Act.

NOW THEREFORE, IT IS HEREBY ORDERED THAT: pursuant to the authority granted by Section 11.F of the Act, the Regulation A Offering application submitted by Enviro-Serv, Inc. and Christoph A. "Chris" Trina is hereby SUSPENDED and Enviro-Serv, Inc. and Christoph A. "Chris" Trina are hereby PROHIBITED from offering or selling securities in or from the State of Illinois until further order of the Secretary of State.

NOTICE is hereby given that the Respondents may request a hearing on this matter by transmitting such request in writing to the Illinois Securities Department, 300 W. Jefferson St., Suite 300A, Springfield, Illinois 62702. Such request must be made within thirty (30) days of the

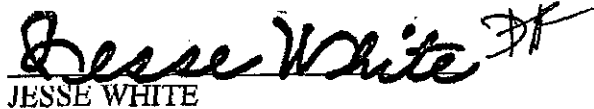
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date of entry of this Temporary Order. Upon receipt of a request for hearing, a hearing will be scheduled. A request for hearing will not stop the effectiveness of this Temporary Order, but will extend the effectiveness of this Temporary Order for sixty (60) days from the date the request is received by the Department.

FAILURE BY THE RESPONDENTS TO REQUEST A HEARING WITHIN THIRTY (30) DAYS AFTER ENTRY OF THIS TEMPORARY ORDER SHALL CONSTITUTE AN ADMISSION OF ANY FACTS ALLEGED HEREIN AND CONSTITUTE SUFFICIENT BASIS TO MAKE THE TEMPORARY ORDER FINAL.

ENTERED: This 30<sup>th</sup> day of April, 2015



JESSE WHITE  
Secretary of State  
State of Illinois

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